



INTERWEST
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NEWSBLAST

Continuing Trend

Auto Insurers Keep Up Double-Digit Rate Hikes

PERSONAL AUTO insurance rates continued climbing last year with all of the country's largest car insurance carriers raising rates by 15% or more from 2022 levels, according to a new report.

The rate hikes continue as car insurers face mounting claims costs due to increasing repair and replacement costs as well as more destructive natural disasters, among other factors. Many of the nation's largest insurers have been bleeding red ink due to losses in their homeowner's and auto insurance books of business.

As a result, they have been raising their rates significantly. The last two years, 2022 and 2023, have seen heavy rate hikes after insurers kept pricing steady between 2018 and 2021.

increases in the prior two years. A number of factors are to blame:

- Higher cost of auto parts
- Higher repair shop labor costs.
- Newer cars with lots of tech cost more to repair.

Natural disasters – In 2023 there were 28 natural disasters that caused more than \$1 billion in losses in the U.S, the most ever.

More expensive cars – The average price of a new car in October 2023 was \$47,936, compared to \$38,000 in October 2018. The prices of cars escalated rapidly in 2021 and 2022 due to supply chain shortages that hampered vehicle production worldwide.

Roads are becoming deadlier – From 2019 to 2022, the number of deadly accidents in the United States increased nearly 18% – from 36,355 fatal car crashes in 2019 to 42,795 in 2022.

More car thefts – Motor vehicle thefts increased by 29% in 2023 from 2022, meaning an additional 56,843 thefts took place in 2023, according to the Council on Criminal Justice. Since 2019, motor vehicle thefts have shot up 105%, reversing a decades-long decline.

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TOP 10 INSURER'S CUMULATIVE RATE HIKES

Cumulative rate hikes in 2022 and 2023 as compared with rates in 2021:

- | | |
|----------------------|----------------------------|
| • State Farm: 27.5% | • Liberty Mutual: 31.1% |
| • Progressive: 22.8% | • Farmers Insurance: 34.7% |
| • GEICO: 29.1% | • Travelers: 24.4% |
| • Allstate: 30% | • American Family: 26.0% |
| • USAA: 26.5% | • Nationwide: 27.8% |

Source: S&P Global Market Intelligence's RateWatch app

Rate drivers

Insurers are raising rates to account for a number of factors:

Repair costs – The cost of car maintenance and repair jumped 10.7% in 2023, according to the Bureau of Labor Statistics Consumer Price Index report. That's on top of even steeper



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Insurance Coverage

Renting an E-scooter? Liability Coverage Gaps Lurk

RENTAL ELECTRIC scooters have been sweeping across cities all over the country, and they are popular for taking quick jaunts around town without having to walk or drive a car.

Unfortunately, emergency rooms are seeing an increase in the number of people who have been injured in accidents when riding these scooters, or injured in accidents a rider causes.

And if you are riding one and you crash into a person's car or injure someone, it can present an insurance coverage dilemma that may leave you paying out of pocket.



If a car hits you

If a car hits you when you are using an e-scooter and the motorist is at fault, their auto insurance would likely cover some or all of the accident-related costs, including medical costs you incur.

If you are at fault

If you cause the accident and either injure a third party or cause property damage, you could be held liable for damages. There are three insurance policies that you may think will handle the claim:

Auto insurance. The standard auto insurance policy excludes liability coverage for vehicles with fewer than four wheels.

In fact, the agreement you sign for most e-scooters includes a warning that "your automotive insurance policies may not provide

coverage for accidents involving damage to this vehicle."

Homeowner's insurance. This likely won't cover it either under the liability portion of the policy. The standard homeowner's form used by most insurance carriers excludes liability claims for "motor vehicle liability," an exclusion that is broad and encompasses e-scooters since they are "self-propelled land vehicles."

Umbrella insurance. These policies typically only provide protection for liability risks that are first covered by your auto or homeowner's insurance policy. In those cases, if the underlying policy excludes coverage for e-scooters, so would the umbrella policy.

However, not all umbrella policies have the same language. Some provide broader coverage. Call us to check if your policy contains exclusions that may bar coverage for e-scooter incidents.

E-scooter companies' insurance

E-scooter rental companies offer limited liability policies in a few states. Lime, for example, provides every rider in California and Cincinnati, Ohio, with \$10,000 in liability coverage for damage or injuries caused by the rider.

Competitor Bird does not provide this type of coverage anywhere in the U.S., according to its website.

A possible solution

In response to this coverage gap, the Insurance Services Office, which creates model insurance policy forms, recently updated one policy endorsement for recreational motor vehicle liability that removed the specific exclusions for electric scooters and electric bikes.

This policy rider is known as the Incidental Low Power Recreational Motor Vehicle Liability Coverage endorsement. Eliminating this exclusion means the endorsement may provide coverage for any recreational vehicle that meets the speed requirements of the endorsement and is not specifically excluded. ❖

PROTECT YOURSELF

Always wear a helmet when riding an e-scooter.



Continued from page 1

Bundling Homeowner's and Auto Policies Can Yield Discounts

OPTIONS FOR REDUCING YOUR PREMIUM

There are steps you can take that can tamp down your rates:

- **Bundle policies.** Most insurers offer discounts if you bundle multiple policies, such as auto, home and umbrella insurance.
- **Maintain a clean driving record.** Drivers without a history of accidents and tickets are often rewarded with lower premiums.
- **Raise your deductible.** A higher deductible means a lower premium, but it also means you will pay more out of pocket if you have to file a claim.
- **Choose a cheaper car.** If you are in the market for a new car, you should

contact us to discuss the insurance. Lower-priced vehicles and smaller cars cost much less to insure compared to higher-end models with all the bells and whistles.

Whatever you do, don't reduce your coverage to the minimum level that your state requires. The minimum levels are not enough to cover the costs if you are at fault in an accident that destroys a BMW 7 Series or severely injures other people. ❖

Protecting Your Family

The Dangers of Carbon Monoxide Poisoning

IF YOU have a home heating unit and/or appliances that use natural gas, there is always the danger of carbon monoxide poisoning in case of a leak or if a burner on your stove wasn't shut off properly.

Accidental CO poisoning kills at least 420 people and sends more than 100,000 Americans to emergency rooms every year, according to the Centers for Disease Control and Prevention.

CO can leak from anything in your home that uses natural gas and some things will produce it when used, including:

- A furnace or heater
- Your water heater
- A gas range
- Your clothes dryer
- Kerosene heaters,
- Vehicles "warmed up" in garages
- Your fireplace
- Burning charcoal and wood

CO poisoning

CO from the above sources can build up in an enclosed or partially enclosed space, potentially poisoning people and pets. While CO is odorless, utilities add a chemical to it that gives it an odor similar to rotten eggs to alert homeowners of a problem.

People who are sleeping or who have been drinking alcohol can die from CO poisoning before ever having symptoms.

If you experience symptoms you think could be from CO poisoning:

- Get fresh air immediately. Open doors and windows, turn off combustion appliances and leave the house.
- Go to an emergency room and tell the physician you suspect CO poisoning. If CO poisoning has occurred, it can often be diagnosed by a blood test done soon after exposure.

Prevention

TOP PRIORITY: INSTALL A CO DETECTOR

One of the best ways to prevent CO poisoning is to install a CO alarm on every level of your home and outside of every bathroom, according to the CDC. It also recommends:

- Choosing alarms with the label of a nationally recognized testing lab, such as Underwriters Laboratory.
- Verifying that everyone in the house knows the difference between the warning sounds of CO alarms and smoke alarms.
- Testing such alarms monthly by pressing the "test" button.
- Replacing CO alarm batteries on an annual basis.

The Environmental Protection Agency provides further tips:

- Have your fuel-burning appliances inspected by a trained professional at the beginning of every heating season. Make certain that the flues and chimneys are connected, in good condition and not blocked.
- Don't idle the car in a garage, even if the garage door to the outside is open. Fumes can build up very quickly in the garage and living area of your home.
- Don't use a gas oven to heat your home.
- Never use a charcoal grill indoors — even in a fireplace.
- Don't sleep in any room with an unvented gas or kerosene space heater.
- Don't use any gasoline-powered engines (mowers, weed trimmers, snow blowers, chain saws, small engines or generators) in enclosed spaces.
- Choose appliances that vent their fumes to the outside whenever possible, have them properly installed, and maintain them according to manufacturers' instructions. ❖

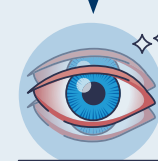
CARBON MONOXIDE POISONING SYMPTOMS



HEADACHE, DIZZINESS
AND FATIGUE



CONFUSION



BLURRY OR
DOUBLE VISION



SHORTNESS OF
BREATH



NAUSEA AND
VOMITING



CHEST PAIN

Homeowner's Issues

Why Self-Insuring Your Home Is a Bad Idea

AS MORE Californians see their homeowner's insurance policies non-renewed and are unable to find new coverage, they are being forced to turn to the California FAIR Plan, whose coverage is less comprehensive and significantly more expensive.

Staring at rates that are double or triple their old homeowner's policies, many homeowners are looking for alternatives. Some people who have been diligent about socking away savings and/or have significant stockholdings, are considering the once unthinkable: forgoing the insurance coverage and instead self-insuring their home.

They may figure that they have never had a homeowner's claim and if they did, they would be able to pay for it. As well, they would sock money away in savings and invest the money they would normally pay in premium every year, building it up to use in case of damage to their home or theft.

But, while this sounds intriguing, anyone considering going this route needs to think about worst-case scenarios. While you may be able to afford the repairs if a tree falls and damages your roof or a burst pipe floods part of your downstairs, if your home burns to the ground, the cost of clearing debris and rebuilding your property and ensuring it's up to new code could result in a massive hit to your finances.

Even if you have a few million dollars in the bank and stock holdings, paying to rebuild your home from scratch would put a massive dent in those funds.

In other words: The costs to rebuild would pale in comparison to the premiums you are paying for your homeowner's insurance or FAIR Plan coverage.

Also, there is a reason that many homeowner's insurers have pulled out of California: the losses from wildfires in the Golden State. For example, the insured losses from two of the largest wildfires in 2020, the LNU Lightning Complex Fire and the Glass Fire, totaled \$2.34 billion and \$3.07 billion, respectively.

The liability factor

Even if you think that you could cover a total loss, homeowner's insurance policies also include personal liability protection. The typical policy will have per occurrence claims limits of up to \$500,000 to pay for damages or injuries to third parties, such as if your dog bites someone or someone injures themselves on your property.

This part of the policy would also cover damage or bodily injury caused by family living in your home, such as your children. This coverage may cover legal fees, settlements and court judgments. You'd be self-insuring those liabilities as well if you don't have a homeowner's policy.

You may think, "I'll just buy an umbrella policy to cover potential liabilities." Such a policy can provide a higher liability claims cost limit of \$1 million or more. However, in order for an umbrella policy to be viable, it needs to provide coverage over and above an underlying policy, like a homeowner's policy's liability portion.

Also, the higher your net worth, the more potential liabilities you are likely to have, particularly if you also sit on boards of directors.

The final word

A homeowner's policy brings additional value to you and offers more coverage beyond just repairing your home after a covered claim.

And while you may be able to foot the bill for water damage that ruins your kitchen floor and cabinets, if your home is completely destroyed in a fire or if you are sued for millions after a guest is injured on your walkway, you'll be glad you have homeowner's insurance.

HAVE QUESTIONS ABOUT YOUR COVERAGE?

CALL US! 800-444-4134

